



M O V I N G T H E
AMERICAN
ECONOMY

U.S. Department of Transportation
Office of Public Affairs
Washington, D.C.
www.dot.gov/affairs/briefing.htm

Speech

**REMARKS FOR
THE HONORABLE MARY PETERS
SECRETARY OF TRANSPORTATION**

**BLOGGERS' ROW AND AVIATION ANNOUNCEMENT
WASHINGTON, DC**

**MAY 16, 2008
11 AM**

Hello. Thank you all for joining us today. Welcome to the U.S. Department of Transportation inaugural Bloggers' Row.

As I said when we launched the Department's new blog – [Fast Lane](#) – in April, if I am going to call for twenty-first century solutions for our transportation system, I better communicate them in a twenty-first century way.

And to jump start the conversation today, I wanted to break a few pieces of aviation-related news.

As many of you know, there were a series of airline groundings in March and April as the FAA conducted its comprehensive aviation safety inspection audit. The largest in scope involved American Airlines and resulted in travel disruptions for hundreds of thousands of passengers.

As I said at the time, we owe it to those travelers to assess the lessons learned to help prevent future disruptions. So I asked the FAA and American Airlines to provide me with their assessments of what happened and what could have been done differently.

The intent of this exercise is not to pass judgment on what happened, but to learn from it. The facts and suggestions within these two reports will go a long way in helping us avoid, if at all possible, such massive disruptions while still ensuring the highest levels of safety.

First though, it is important to note that the FAA and American Airlines both agree that when it comes to aviation safety, there are no soft deadlines. Indeed, both the agency and the airline agree that safety deadlines must be met, without exception and without excuse.

Together we will make sure that there is mutual understanding as to what constitutes compliance with an Airworthiness Directive (AD), as well as the process, timing and criteria for requesting and approving an Alternate Means of Compliance (AMOC).

When situations of this magnitude evolve, it is critical that all parties have the right information so the right decisions can be made. So I am asking both the FAA and the airlines to review communications protocols to make sure that significant safety decisions are made using a clearly documented process. These conversations between the FAA and industry have already begun to take place.

Everyone involved in the business of aviation recognizes that the FAA is the ultimate arbiter of what constitutes a “safety of flight” issue. For the system to work and for safety to never be compromised, we need a single entity responsible for making the final call on when an aircraft is safe to fly and when it is not. Our aviation laws appropriately require that that entity be the Federal Aviation Administration.

I will also be sending both reports to the Independent Review Team on aviation safety, which I established last month. I am asking this team to review these reports and include any relevant findings or recommendations they draw in their comprehensive report due later this year.

Turning to another topic, today I am also announcing new measures specifically designed to help consumers by giving them more complete information about airline tarmac delays and new checked baggage fees.

We are issuing a final rule to require airlines to report new and more complete data on the time passengers spend on the tarmac. In some situations in the past, the information airlines were required to report to DOT did not permit us to determine how long an aircraft sat on a runway – even though passengers might have endured lengthy tarmac delays.

Passengers should know whether it will take as long for their flight to get to the runway as it will to land at their destination. The new rule will do just that by requiring airlines to provide complete on-time and tarmac delay data about flights that may depart from a gate more than once, flights that are cancelled after having left the gate, and flights that are diverted to another airport after departure.

As airlines begin to implement new fees for checking more than one bag, travelers have been surprised to learn of these new fees after they have already made their travel decisions.

Passengers should know what to expect, and what to pay, before they buy a ticket or pack their bags, which is why we are calling for carriers and travel agents to disclose baggage fees in their internet and print ads before anyone purchases a ticket. We also are making it clear that airlines may not impose increased fees or new restrictions for baggage after a passenger has bought a ticket.

Just as we do not want travelers to be surprised at the check-in counter or on the tarmac, we don't want flyers to suffer the kind of delays they experienced all too frequently last summer.

So today, we are issuing our final order for Newark Liberty Airport to temporarily cap flights at an average of 83 scheduled flights per hour during the peak periods. The order extends to the end of October, 2009.

These caps are not requiring service cuts at Newark. Rather, airlines will be able to shift their flights to times of the day when Newark has unused capacity. Overall, the caps at Newark allow 30 more operations per day than were offered last summer – just more reasonably spaced.

This final order continues a process we started last fall to address the delays in New York that account for three quarters of chronic airline delays nationwide.

The Newark caps build on initiatives including similar hourly caps we have put in place for JFK and LaGuardia airports, significant new airspace and capacity improvements we have committed to throughout the region, and a fundamental restructuring of our management of the region's air traffic operations under a single airspace czar.

We also want to make it easier for air travelers to take advantage of New York's Stewart Airport. This former Air Force facility has the kind of runways and facilities that could help take some of the pressure off of JFK, Newark and LaGuardia. But too many New Yorkers are finding it difficult to drive the 90 miles to Newburgh to catch flights into and out of the airfield.

So I am announcing that we are investing \$2 million to help finance a study by the Metropolitan Transit Authority to look at ways to add a transit connection to this nearby airfield. This study will be the first crucial step in a process that ultimately will help make Stewart New York's fourth major airport.

All these measures are significant, but no one should consider them sufficient. If we walk away from our efforts now and declare victory, we would likely deliver fewer delays for travelers, but would certainly bring them stagnant service, limited consumer choices and increased fares.

As anyone familiar with the airline business can tell you, capping airports without providing ways to attract new competition, new service and new consumer choices is a formula for failure. In fact, without providing the opportunity for a diverse array of carriers to access these airports, we would have to re-evaluate whether or not it is a viable strategy to leave the caps on.

Just consider LaGuardia Airport, which has been capped for almost 40 years yet still holds the dubious dual distinction as one of the most delayed and most expensive airports in the country.

In order to ensure that airport caps do not become an economic drain on the region or the rest of the country, we need a way to keep aviation competition alive in the free market capital of the world. So, I am announcing today a proposed new rulemaking to make available a limited number of take-off and landing opportunities, known as slots, for auction at JFK and Newark Airports.

Our plan strikes a sound balance between protecting investments by incumbent carriers, ensuring that all airlines have the opportunity to fly to Newark and JFK, and improving service, choice and fares for travelers.

Under the proposal, all airlines currently operating at Newark and JFK would be given up to 20 slots a day for the 10-year life of the rule.

At JFK there are two options. First, for the first five years of the rule, 10 percent of an airline's slots above the 20-slot baseline would be withdrawn and made available via an auction. The airlines would select half of the slots to be auctioned. Proceeds from the auction will be invested in new congestion and capacity initiatives in the New York region. *This would involve auctioning only 91 slots out of 1,245 total slots over the 10-year life of the rule.*

The second option for JFK would enable airlines to auction 20 percent of the slots above the baseline. Airlines would not be able to bid on their own slots, but they would be able to keep their current schedule by purchasing competitors' slots. The auction proceeds would go to the airlines currently operating in the slot. *This option would involve only 179 slots over 10 years out of the 1,245 slot total.*

At Newark, the FAA would auction only 10 percent of an airline's slots above the 20-slot baseline annually for the first five years of the rule. Airlines would be able to bid on their own slots, and the proceeds would be invested in aviation initiatives in the New York region. *This would result in auctioning only 96 slots over 10 years out of a total 1,219 slots.*

This proposal is designed to benefit everyone. Airlines operating at these airports today will receive a 10-year interest in some of the world's most valuable aviation assets, free of charge, free of question and free of hassle.

Other airlines will get a chance to compete in one of the nation's hottest markets, yet to do so they will have to make investments that benefit every carrier and the travelers that use these facilities.

And travelers will further receive congestion relief benefits of flight caps without the stale service, limited choices and higher fares that government restrictions bring.

Research shows that, contrary to the claims of some, caps without competition can increase fares for passengers. At capped airports, fares typically increase by 11 to 15 percent over similar flights at other airports.

Economists also estimate that fares drop by 30.5 percent when new airlines enter a market. Simply put, competition drives down fares.

Combined with a similar plan we announced last month to introduce the same kind of competitive elements at LaGuardia Airport, this new proposal will do much to make flying to New York attractive.

Thank you very much for your attention.

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